

Message Text

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SP-02 LAB-04 SIL-01 OMB-01 NSCE-00 SSO-00 INRE-00
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INFO AMCONSUL JOHANNESBURG PRIORITY
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E.O. 11652: N/A

TAGS: ETRD, ECON, SA

SUBJECT: U.S. SOUTH AFRICAN TRADE

REF: PRETORIA 4785

1. U.S. TRADE DATA FOR FIRST HALF 1978 INDICATES U.S. EX-
PORTS TO SOUTH AFRICA FELL 12 PERCENT FROM COMPARABLE PERIOD
1977 FROM FIVE HUNDRED SIXTY EIGHT POINT SEVEN MILLION
DOLLARS TO FOUR HUNDRED NINETY NINE POINT SEVEN MILLION
DOLLARS. DURING SAME PERIOD U.S. IMPORTS ROSE SEVENTY PER-
CENT TO NINE HUNDRED FORTY FOUR POINT SEVEN MILLION DOLLARS
FROM FIVE HUNDRED FIFTY THREE POINT NINE MILLION DOLLARS.
TRADITIONAL U.S. BALANCE OF TRADE SURPLUS HAS BEEN TURNED
INTO A SIGNIFICANT BALANCE OF TRADE DEFICIT.

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2. ROBERTSON STORY BASED ON COMMENT MADE BY USDOC OFFICIAL
AT SOLARZ BILL HEARINGS. COMMENT WAS MADE IN REFUTING

ARGUMENT THAT U.S. POLICY TOWARDS SOUTH AFRICA WAS ESSENTIALLY COSTLESS, AND WOULD NEVER INTERFERE WITH BUSINESS/ECONOMIC INTERESTS. THERE HAVE UNDOUBTEDLY BEEN COSTS FROM OUR POLICY INITIATIVES. TO DENY THIS WOULD RUN CONTRARY TO FACT BUT TO QUANTIFY THE COST WOULD BE MOST DIFFICULT.

3. ECONOMIC COSTS OF U.S. POLICY HAVE BEEN INDICATED BY SEVERAL REPORTS FROM POSTS AND BY COMPLAINTS RECEIVED FROM BUSINESS. WHILE IT IS NOT POSSIBLE TO DETERMINE EXACT PROPORTION OF U.S. EXPORT DECLINE DUE TO U.S. POLICY FROM THOSE DUE TO NORMAL CYCLICAL INFLUENCES, THE CONTINUING DECLINE IN U.S. EXPORTS IN CONTRAST TO THE EXPERIENCE OF OTHER MAJOR EXPORTING NATIONS DOES LEND CREDENCE TO BUSINESS CLAIMS THAT U.S. EXPORT CONTROL REGULATIONS, EXIM BANK RESTRICTIONS, AND SOUTH AFRICAN PERCEPTION OF U.S. POLICY STANCE HAVE HURT U.S. FIRMS MARKETING EFFORTS.

4. ROBERTSON APPARENTLY CHOSE TO IGNORE CAREFUL EXPLANATION GIVEN TO HIM OF OTHER FACTORS AT PLAY IN EXPORT DECLINE. U.S. EXPORTS TO SOUTH AFRICA ARE PRIMARILY CAPITAL EQUIPMENT, WHILE THOSE OF OTHER EXPORTERS CONTAIN A GREATER PORTION OF INTERMEDIATE AND FINISHED GOODS. U.S. EXPORTS THEREFORE RESPOND MORE SLOWLY TO CHANGES IN THE SOUTH AFRICAN ECONOMIC CLIMATE THAN THOSE OF OTHER COUNTRIES.

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5. CONTINUING MARKET RESEARCH INTO MAJOR AREAS OF U.S. EXPORTS BY ECONOMIC/COMMERCIAL STAFF INTERVIEWS WITH SOUTH AFRICAN END-USERS MAY PROVIDE NECESSARY DOCUMENTATION OF FORCES AT PLAY IN EXPORT DECLINE. DURBAN A-47 DATED JULY

20, 1978 PROVIDES EXCELLENT EXAMPLE OF REPORTING NEEDED.

6. SEPTTEL WILL FOLLOW ON STATUS OF REVIEW OF EXPORT CONTROL REGULATIONS BEING CONDUCTED BY STATE/COMMERCE. VANCE

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